

**HUMAN SERVICES
DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES**

NJ FamilyCare; Premium Support Program

Termination of Eligibility Based on Lack of Cooperation

Proposed Amendment: N.J.A.C. 10:78-9.6

Authorized: by Gwendolyn L. Harris, Commissioner,
Department of Human Services.

Authority: N.J.S.A. 30:4D-1 et seq., as amended by P.L.2000,
c.71, specifically N.J.S.A. 30:4J-4.

Calendar Reference: See Summary below for explanation of the exception
to the rulemaking calendar requirements of N.J.A.C.
1:30-3.3(a)5.

Agency Control Number: 02-P-41.

Proposal Number: PRN 2002 -

Submit comments by **to:**

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The agency proposal follows:

Summary

The Division of Medical Assistance and Health Services is proposing changes to N.J.A.C. 10:78-9, entitled “Premium Support Program.” The Division has revised the text to specify the number and kind of attempts which must be made prior to termination of NJ FamilyCare eligibility. The change provides specificity, which helps the beneficiary know when eligibility will be terminated based on lack of cooperation. The replacement of the less-specific term “multiple” attempts with more precise standards benefits the NJ FamilyCare beneficiaries. The Division will make three attempts to contact the applicant by letter. In addition, if a telephone number is available, a telephone call will be made before terminating all FamilyCare eligibility for the applicant and any other adult members of the household.

As the Department has provided a 60-day comment period on this notice of proposal, this notice is exempted from the rulemaking calendar requirement, pursuant to N.J.A.C. 1:30-3.3(a)5.

Social Impact

The Division believes the change is a benefit to the regulated public and is a clarification of the originally proposed text. The change provides specificity, which helps the beneficiary know when eligibility will be terminated based on lack of cooperation. The replacement of the less-specific term “multiple” attempts with more precise standards benefits the NJ FamilyCare beneficiaries.

Economic Impact

This proposed amendment will not impact on the first year of funding for the NJ FamilyCare program (State Fiscal Year 2001) which is capped at \$173 million: \$38 million is being redirected from the General Assistance program, \$70 million is being dedicated from Tobacco Settlement revenue, and the remainder will come from Federal matching funds plus employer and employee contributions.

The State has determined that, in certain circumstances, it may be more cost effective to buy into employer-sponsored health coverage when it is available.

The PSP will not buy into employer-sponsored health insurance unless it offers equal or better coverage than NJ FamilyCare at a cost that is less than regular NJ FamilyCare coverage.

It is estimated that approximately \$18.8 million will be saved when the PSP is fully implemented after the first year of operation.

Federal Standards Statement

The Division has reviewed the Federal statutory and regulatory requirements and has determined that the new rules do not exceed the applicable Federal standards, which are contained at 42 U.S.C. §1396a. The rules which address Work First New Jersey/General Assistance beneficiaries' participation in the program conform to Federal standards at 42 U.S.C. 1396a(a)(8) and 42 CFR 435.2 through 435.170 and 42 CFR 436.100 through 436.128. There are no other Federal standards which apply because the balance of the

program rules are promulgated under N.J.S.A. 30:4-1 et seq., as amended by P.L. 2000, c. 71.

Jobs Impact

This proposed amendment is a clarification of the originally proposed text. The amendment will not have an effect on the number of jobs gained or lost in the State of New Jersey.

Agriculture Industry Impact

This rule is not expected to impact on the agriculture industry in New Jersey.

Regulatory Flexibility Statement

The amendments proposed affect individual applicants and not businesses. Therefore, a regulatory flexibility analysis is not required. The amendments specify the number of contacts the Division will direct to a beneficiary before discontinuing beneficiary eligibility due to lack of cooperation.

Smart Growth Impact

The Department anticipates that the proposed rulemaking will have no impact on smart growth in New Jersey or on the implementation of the New Jersey State Development and Redevelopment Plan.

Full text of the proposal follows (additions indicated in boldface **thus**; deletions indicated in brackets **[thus]**):

10:78-9.6 Applicant's responsibilities during the application process

(a) – (b) (No change.)

(c) If the employee fails to provide the Division with the information needed to complete the application review, the application for premium support shall be denied.

1. (No change.)

2. If the application for premium support is denied due to lack of cooperation by the applicant, [and] after [multiple] **three** attempts by the Premium Support program to [enlist cooperation] **contact the applicant by letter (in addition, a phone call will be made if a phone number is available)**, the NJ FamilyCare participation of the applicant and any other adult eligible members of the household shall be [discontinued] **terminated** immediately. The eligible children in the household will continue to remain eligible until the next annual redetermination, at which time **the applicant's** failure to cooperate and provide necessary information shall result in termination of NJ FamilyCare eligibility for all members of the household.

Gwendolyn L. Harris, Commissioner
Department of Human Services

Date